



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 2306 (1924)  
June 13, 1991

SUBJECT: Proper Completion of FmHA Form 431-2, "Farm and Home Plan"

TO: State Directors, District Directors, and County Supervisors

ATTENTION: Farmer Program Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to emphasize the importance of completing the Form FmHA 431-2, "Farm and Home Plan," properly and accurately in connection with making and servicing Farmer Programs loans. The intended outcome is to ensure that the Farm and Home Plan is completed in sufficient detail to reflect the borrower's financial position and to protect the financial interest of the Government. The Forms Manual Insert (FMI) must be followed explicitly for this purpose.

A proper accounting and disposition of all commodities produced in the prior year(s) needs to be made prior to a delinquent borrower receiving a new loan and/or the borrower's account being restructured in accordance with FmHA Instruction 1951-S.

COMPARISON WITH PREVIOUS AN:

This AN replaces AN 2190(1924) dated December 13, 1990. Administrative Notice 2190(1924) has been expanded in order to provide guidance to County Supervisors in preparing Farm and Home Plans where borrowers have requested some form of servicing action.

IMPLEMENTATION RESPONSIBILITIES:

National Office Coordinated Assessment Reviews and Credit Quality Reviews continue to indicate weaknesses exist in the preparation of Form FmHA 431-2, "Farm and Home Plan," when developing plans of operation for loan making and loan servicing purposes. The following weaknesses have been noted:

EXPIRATION DATE: April 30, 1992

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1924-B



Farmers Home Administration is an Equal Opportunity Lender.  
Complaints of discrimination should be sent to:  
Secretary of Agriculture, Washington, D.C. 20250


1. Plans are not signed and dated by the borrower and the County Supervisor.
2. The financial portion of the Automated Plan is not signed and dated by the borrower.
3. All assets and/or debts are not properly reflected in Table A of the Farm and Home Plan.
4. The net worth section of Table A is not properly completed to reflect the results of the annual analysis as it relates to the change in the borrower's net worth.
5. Rental and lease information is not entered into Table B, when applicable.
6. Table C is not properly prepared to address key farm management practices and improvements necessary to carry out the proposed plan of operation.
7. Annual analysis is not planned in Table C.
8. Commodity prices, commodity/livestock yields, and farm operating and family living expenses are not based upon past actuals. FmHA Instructions 1924-B, Section 1924.57(d) addresses the documentation required.
9. Tables F, G, H, I and J are not completed per the Forms Manual Insert. Totals in Tables F, G and H are not brought forward to proper columns in Table I and J.
10. All debts due and to be paid during the annual production cycle, including income and Social Security taxes, are not included in Table K.
11. Mathematical errors.

In addition to the 11 items listed above, it is important that a proper accounting of the preceding year's commodities be made before any loan making and/or servicing action is continued. Before a delinquent borrower can receive a loan or primary servicing action, all commodities in storage must be sold and the proceeds applied to their FmHA accounts or prior liens. The only exception would be where a delinquent

borrower has a sales contract with a specified delivery date sometime in the future. The attached Farm and Home Plan is an example of a borrower with commodities being held for sale. In the example, Table A Summary illustrates how the commodities could be used. Borrowers who are delinquent are required to sell the commodities and apply the proceeds to their loan account(s) up to the point of either paying current and/or until all of the commodities have been sold and all funds applied to their account or to the prior lienholder's account. A delinquent borrower is not eligible for a subsequent loan and/or servicing action when crops and/or livestock is held for sale from the previous year's operation, unless there is a sales contract in hand. \*

As indicated in unnumbered letter dated January 28, 1991, entitled, "Fiscal Year 1991 Operating Loan Allocation" rollovers, where proceeds from the sale of income security are used to finance a future year's production, are not authorized.

If you have any questions, please contact A. Veldon Hall, Director Farmer Programs Loan Servicing and Property Management Division, at 447-6293.

  
LA VERNE AUSMAN  
Administrator

Attachment ..

FmHA 431-2  
(Rev. 2-89)U.S. Department of Agriculture  
Farmers Home Administration

PERIOD COVERED BY PLAN: From

1/1 1992 TO

12/31/ 1992

NAME OF APPLICANT/BORROWER

Joe Borrower

## FARM AND HOME PLAN

CASE NUMBER

123-45-6789

DATE OF PLAN

1/2/92

ACRES OWNED

TOTAL (30 ) CROP (75 )

## A. BALANCE SHEET

CURRENT FARM ASSETS				\$ VALUE	CURRENT FARM LIABILITIES				\$ AMOUNT
Cash: Savings: (\$ ) Checking (\$ 2,000 )				\$ 2,000(A1)	Accounts and Notes Payable (Creditor & Due Date)				Past Due
Other Invest: (Time Cert \$ ) (Other \$ )					Co-op 1991 Operating Ex.				\$10,000 \$10,000(A2)
Accounts and Notes Receivable									
Crops and Feed	Units	Value Per Unit							
Soybeans	3000	5.50/bu		16,500(A1)					
					Cash Rent 1991 balance				5,000 5,000(A2)
					Balance Due				
Livestock to be sold	Units	Unit Weight	Value Per Unit						
Calves	40	400	.85	13,600(A1)					
					CCC Loan: (Security ) (Due Date )				
					Current Portion of Principal Due on:				
					Intermediate Liabilities				3,000 (K)
					Long Term Liabilities				2,000 (K)
Growing crops	Acres	Cost/Acre			Accrued Interest on:				
					Accounts and Notes Payable				.
					Intermediate Liabilities				2,000 (K)
					Long Term Liabilities				8,000 (K)
					Accrued Taxes				-0-
Supplies & Prepaid Expenses					Income Tax & Social Security				
ses					Other (judgments, liens, etc.)				
er					Accrued Rent/Lease Payments				
TOTAL CURRENT FARM ASSETS ▶				\$32,100	TOTAL CURRENT FARM LIABILITIES ▶				\$30,000
INTERMEDIATE FARM ASSETS					INTERMEDIATE FARM LIABILITIES (portion due beyond 12 months)				
Accounts & Notes Receivable beyond 12 months					Creditor				Due Date Int. Rate Amount Delinquent
Breeding Livestock	Units	Value Per Unit			FmHA 44-01				5 \$5,000 \$38,000
Cows	70	650		\$45,500					
Bulls	3	1000		3,000					(A2)
Machinery, Equipment, Vehicles				30,000					
Cash Value, Life Ins. (Face Amt. \$ )					CCC Grain Reserve				
CCC Grain Reserve: (Qty. ) (Value/Unit )					Facilities Pmt. \$				
Coop Stock					Loan Secured by Life Insurance				-
Other					Other				
TOTAL INTERMEDIATE FARM ASSETS ▶				78,500	TOTAL INTERMEDIATE FARM LIABILITIES ▶				\$38,000
LONG TERM FARM ASSETS (Farm Real Estate)					LONG TERM FARM LIABILITIES (Portions due beyond 12 months)				
Total Acres	Date Purchased	Cost			Creditor				Due Date Int. Rate Amount Delinquent
130	1980	100,000		130,000	F.L.B.				10 -0- 78,000
Coop Stock									
Equity in Partnerships/Corporations/Joint Operations/Cooperatives									
Other					Other				
TOTAL LONG TERM FARM ASSETS ▶				130,000	TOTAL LONG TERM FARM LIABILITIES ▶				78,000
TOTAL FARM ASSETS ▶				\$240,600	TOTAL FARM LIABILITIES ▶				\$146,000

Public reporting burden for this collection of information is estimated to average 2 1/4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0061), Washington, D.C. 20503.



# **D. CROPS, PASTURE, ETC. — PRODUCTION AND SALES**

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PLANNED							ACTUAL						
CROPS, PASTURE, SET-ASIDE PROGRAM PAYMENTS, ETC.	ACRES	YIELD PER ACRE	OPERATOR'S SHARE				ACRES	YIELD PER ACRE	OPERATOR'S SHARE				CASH INCOME
			UNITS FOR:			DOLLAR SALES			UNITS				
			FARM USE	SALE	@				FARM USE	HELD FOR SALE	SOLD	@	
1. Soybeans	400	30	-0-	12000	5.75	\$69,000							
2. Pasture-Spring	200	N/A				-0-							
3. Pasture - Hay	75	2T	.75T	.75T	60	4,500							
4.													
5.													
6.													
7.													
8.													
9.													
10.													
11. FARMSTEAD, GARDEN AND ROADS													
12. TOTAL (ENTER TABLE J, LINE 1)						\$73,500							

# **E. LIVESTOCK AND PRODUCTS — PRODUCTION SALES**

PLANNED							ACTUAL						
LIVESTOCK AND PRODUCTS AND WOOL-MOHAIK PROGRAM PAYMENTS	NO.	PROD. PER ANIMAL	OPERATOR'S SHARE				NO.	PROD. PER ANIMAL	OPERATOR'S SHARE				CASH INCOME
			UNITS FOR:			DOLLAR SALES			UNITS				
			FARM USE	SALE	@				FARM USE	HELD FOR SALE	SOLD	@	
1. Beef Cows	70	.9	2	61	450# @ .86	\$23,607							
2. Cull Cows	2			2	\$350 hd.	700							
3.													
4.													
5.													
6.													
7.													
8.													
9.													
LK (LBS.)													
11. EGGS (DOZ.)													
12. TOTAL (ENTER TABLE J, LINE 2)						\$24,307							

G. CASH FARM OPERATING EXPENSES				DEBTS REFINANCED (TABLE A)				
OTHER CREDIT NEEDED	FmHA CREDIT NEEDED	PLANNED EXPENSES	ACTUAL EXPENSES	TOTAL ▶				
HIRED LABOR		5000	5000	I. CREDIT FOR:				
MACHINERY REPAIR		5000	5000	OTHER FmHA PLANNED ACTUAL				
FARM BUILDING & FENCE REPAIR			500	FAMILY LIVING -0- -0-				
INTEREST			16000	FARM OPERATING 60000 60000				
RENT		9000	12000	CAPITAL EXPENDITURES -0- -0-				
FEED		5000	5000	TOTAL ▶ 60000 60000				
SEED		6000	6000	J. SUMMARY OF YEAR'S BUSINESS				
FERTILIZER		7000	7000	PLANNED ACTUAL				
PESTICIDES & SPRAY MATERIALS		6000	6000	1. CROP INCOME (Table D) 73500				
OTHER SUPPLIES			500	2. LIVESTOCK INCOME (Table E) 24307				
LIVESTOCK EXPENSE		2500	2500	3. CONSERVATION PAYMENTS AND OTHER FARM INCOME 500				
MACHINERY HIRE				4. TOTAL CASH FARM INCOME (1, 2 and 3) 98307				
FUEL AND OIL		6000	6000	5. CASH FARM OPERATING EXPENSES (Table G) 80050				
PERSONAL PROP. TAX				6. NET CASH FARM INCOME (4 Minus 5) 18257				
REAL ESTATE TAXES		2600	2600	7. NON-FARM INCOME -0-				
WATER CHARGES		700	750	8. TOTAL NET CASH FARM & NON-FARM INCOME (6 Plus 7) 18257				
PROPERTY INSURANCE		2000	2000	9. CASH FAMILY LIVING EXPENSES (Table F) 14000				
AUTO & TRUCK EXPENSE		2000	2000	10. NET CASH INCOME (8 Minus 9) 4257				
UTILITIES		1200	1200	11. CASH CARRY-OVER (Page 2, Line 3) 12100				
				12. LOANS AND OTHER CREDIT (Table I) 60000				
CURRENT OPNG. BILLS (TABLE A)				13. INTEREST (Table G) 16000				
TOTAL ▶	60000	80050		14. TOTAL AVAILABLE (10, 11, 12 and 13) 92357				
				15. CAPITAL EXPENDITURES (Table H) 1200				
				16. BALANCE AVAILABLE (14 Minus 15) 91157				
				17. GROSS CASH INCOME (4 Plus 7) 98307				

## K. DEBT REPAYMENT

TO WHOM OWED	AMOUNT DUE THIS YEAR (PRIN. AND INT.)	PLAN			ACTUAL AMOUNT PAID
		PRIN. AND INT. TO BE PAID	DATE	SOURCE OF FUNDS	
FmHA 44-01	5000	5000	11/1/92	Livestock Sales	
FLB	10000	10000	11/1/92	Crop Income and Livestock Sales	
OP Loan	66000	66000	11/1/92	Crop Income	
INCOME AND SOCIAL SECURITY TAXES	5000	5000	12/92	Crop and Livestock Income	
TOTAL	86000	86000			

I agree to follow this plan and to discuss with the County Supervisory any important changes that may become necessary. This instrument is a prospective plan only and does not release the security interest of the government in any security referred to in this plan.

"I RECOGNIZE THAT MAKING ANY FALSE STATEMENT ON THIS FARM AND HOME PLAN OR ANY OTHER LOAN DOCUMENT MAY CONSTITUTE A VIOLATION OF FEDERAL CRIMINAL LAW."

Signature of Applicant/Borrower	Date
<i>Joe Bonover</i>	<i>1/2/92</i>
Signature of County Supervisor	Date
<i>Joe Supervisor</i>	<i>1/2/92</i>